

**REPORT OF THE AUDIT OF THE  
JESSAMINE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2005**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE JESSAMINE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2005**

The Auditor of Public Accounts has completed the Jessamine County Sheriff's audit for the year ended December 31, 2005. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$19,974 from the prior year, resulting in excess fees of \$127,553 as of December 31, 2005. Revenues increased by \$31,670 from the prior year and expenditures increased by \$11,696.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS .....	3
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	13





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable William Neal Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Jessamine County, Kentucky, for the year ended December 31, 2005. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2005, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2006 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable William Neal Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Jessamine County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 4, 2006



JESSAMINE COUNTY  
JOE WALKER, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2005

Revenues

Federal Grants		\$	47,215
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			70,436
State Fees For Services:			
Waiting On Court	\$	24,372	
Conveying Prisoners		6,941	
Return of Fugitives		8,150	
Summoning Of Witnesses		432	
Juror's Meals		117	
Arrest Fees		750	
Sheriff Security Service		45,524	
Highway Safety Grant		3,000	
Bond Refund		112	
Court Security		54,928	144,326
Circuit Court Clerk:			
Fines and Fees Collected			7,714
Fiscal Court:			
Election Commissions		1,320	
Fiscal Court Meetings		160	
Budget Allotment		525,418	526,898
County Clerk - Delinquent Taxes			2,039
Commission On Taxes Collected			562,555
Fees Collected For Services:			
Auto Inspections		24,170	
Accident and Police Reports		1,907	
Carrying Concealed Deadly Weapon Permits		15,185	
CCDW Photos		900	
Executions		54,177	
Sheriff's Sale		179	
Sheriff's Security Fee		3,150	
Sheriff's Add-On Fees		93,589	
Tax Bill Printing		6,032	
Conveying Prisoners		224	
Vending Machine Commissions		245	
Miscellaneous		15,264	215,022
Interest Earned			4,017
Borrowed Money:			
State Advancement			300,000
Total Revenues			1,880,222

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
 JOE WALKER, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2005  
 (Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$	883,079
KLEFPF		57,244
Victim's Advocate Grant		34,236

Contracted Services-

Advertising		6,067
Computer Support		34,869
Vehicle Maintenance and Repairs		43,967

Materials and Supplies-

Office Materials and Supplies		21,002
Uniforms		19,665
Uniform Laundry		8,539
Detective Supplies		1,601

Auto Expense-

Gasoline		61,622
----------	--	--------

Other Charges-

Dues		1,313
Postage		8,231
Bond		112
Juror's Meals		121
Return of Fugitives		6,925
Sheriff's Sale		182
Carrying Concealed Deadly Weapon Permits		11,690
Tax Bill Preparation		2,220
Audit		6,764
Telephone		16,683
Training		15,721
Radio Repairs		470
Settlement		3,000
Miscellaneous		25,778

Capital Outlay-

Radios		2,291
Cruiser Equipment		43,405
Firearms		7,038
Office Equipment		15,443
Vehicles		33,545
		<hr/>
	\$	1,372,823

Debt Service:

State Advancement		<hr/>
		300,000

Total Expenditures		<hr/>
		1,672,823

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
JOE WALKER, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2005  
(Continued)

Net Revenues	\$ 207,399
Less: Statutory Maximum	<u>76,652</u>
Excess Fees for 2005	130,747
Less: Training Incentive	<u>3,194</u>
Excess Fees Due County for 2005	127,553
Payment to Fiscal Court - February 14, 2006	<u>127,553</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2005 services
- Reimbursements for 2005 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2005

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2005  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent for the first six months and 10.98 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 22.08 percent for the first six months and 25.01 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2005  
(Continued)

Note 4. Victims Advocacy Account

During 2005, the Sheriff's office received a federal grant passed through the Kentucky Justice and Public Safety Cabinet. The projected grant budget was \$47,215. During 2005, the Sheriff's office received \$38,142 as pass-through funds and \$9,073 as matching funds from the Jessamine County Fiscal Court for a total of \$47,215. Per review of the "Victims of Crime Act Financial Report," the Sheriff is in substantial compliance with the requirements of this grant.

The matching funds from the Jessamine County Fiscal Court are accounting for in a separate bank account. The balance in this account as of January 1, 2005, was \$471. During 2005, receipts (including interest, matching, and reimbursements) and disbursements were \$12,459 and \$12,320 respectively. The balance in the account as of December 31, 2005, was \$610.

Note 5. Drug Forfeiture Account

During 2005, the Sheriff's office received proceeds from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These proceeds may be used for certain operating expenditures (excluding personnel services and employee benefits) of the Sheriff's office. The balance in this account as of January 1, 2005 was \$0. During 2005, receipts (including interest) and disbursements were \$69,933 and \$12,722, respectively, leaving a balance in the account as of December 31, 2005 of \$57,211.

Note 6. Tax Escrow Account

The Sheriff deposits unclaimed tax overpayments into an escrow account upon completion of his annual tax settlement. According to KRS 393.110, the Sheriff should report annually to the Kentucky State Treasurer any unclaimed moneys in this escrow account. If not claimed within three years, these funds are presumed abandoned, and should be turned over to the Kentucky State Treasurer, in accordance with KRS 393.110.

Note 7. Contribution

In January 2004, the Sheriff's office received a contribution in the amount of \$10,000 from a nongovernmental entity (Purdue Pharma Technologies, Inc). The contribution was to be used for specialized training in drug diversion investigations, to facilitate undercover buys, pay informants, and for other operational expenses related to conducting prescription drug investigations (primarily focused on the abuse and diversion of OxyContin®). The contribution was deposited into a separate bank account maintained by the Sheriff. The balance in this account as of January 1, 2005 was \$1,050. During 2005, receipts (including interest) and disbursements were \$1 and \$1,051, respectively, leaving a balance in the account as of December 31, 2005 of \$0.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2005  
(Continued)

Note 8. Contingent Liability

In July 2005, the United States District Court, Eastern District of Kentucky, Lexington, entered a summary judgment in favor of the Jessamine County Fiscal Court relative to an alleged violation of a plaintiff's civil rights arising out of the alleged use of excessive force by the defendants, two Jessamine County Deputy Sheriffs and the Jessamine County Sheriff's Department. The plaintiff also alleged a violation of the right to be free from unreasonable search and seizure. In August 2005, the plaintiff appealed the summary judgment to the United States Court of Appeals for the Sixth Circuit. In July 2006, the Court of Appeals overruled the portion of the summary judgment with reference to excessive force and remanded the matter back to State Court.

It is the belief of the Sheriff's office that the claim is defensible. The plaintiff has filed the claim as a civil rights violation seeking both punitive damages and attorney's fees, neither of which are covered under the insurance policy provided to the Sheriff's office by the Kentucky Association of Counties. The ultimate resolution of this matter is not ascertainable at this time. No provision, if any, has been made in the accompanying financial statement related to this claim.

THIS PAGE LEFT BLANK INTENTIONALLY



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable William Neal Cassity, Jessamine County Judge/Executive  
Honorable Joe Walker, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Jessamine County Sheriff for the year ended December 31, 2005, and have issued our report thereon dated October 4, 2006. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jessamine County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jessamine County Sheriff's financial statement for the year ended December 31, 2005, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 4, 2006

